

HOUSE BILL 3346
By Todd

AN ACT to amend Tennessee Code Annotated, Title 13
and Title 67, relative to low-income housing.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-602(b), is amended by adding the following language as a new, appropriately designated subdivision thereto:

() The tax assessor shall not consider any income tax credits with respect to real property which are claimed and granted pursuant to the United States Internal Revenue Code (26 U.S.C. 42), as amended from time to time, in determining the fair market value of real property.

(A) The assessed valuation of real property used for affordable housing to which the aforementioned tax credits are applicable shall be determined using the income approach as applied to the actual net operating income after deducting for reserves required by any federal, state or municipal programs.

(B) For purposed of this section, "net operating income" means the actual or anticipated net income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted. The assessed valuation of real property used for affordable housing purposes shall be determined using the actual net operating income, and shall not include federal, state or municipal income tax credits, subsidized mortgage financing, or project grants, where such subsidies are used to offset the project development cost in order to provide for lower initial rents.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.